

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 EAE-00 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 PM-04 H-02 INR-07 L-03

NSC-05 PA-01 PRS-01 SP-02 SS-15 JUSE-00 SEC-01 OMB-01

EB-07 /071 W

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O R 021012Z AUG 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 1294

INFO CINCPAC HONOLULU

COMUSJAPAN YOKOTA

AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY THE HAGUE

AMEMBASSY ROME

USLO PEKING

AMCONSUL HONG KONG

C O N F I D E N T I A L TOKYO 11604

E.O. 11652: GDS

TAGS: PINT, JA

SUBJ: MORE LOCKHEED DEVELOPMENTS

CINCPAC ALSO FOR POLAD

SUMMARY: JUSTICE MINISTER INABA, IMPLYING FURTHER ARRESTS, SAID ON AUGUST 1 THAT THE LOCKHEED SCANDAL WOULD REACH ITS PEAK WITHIN THE NEXT WEEK OR 10 DAYS. LDP FACTION LEADERS IN BOTH THE PRO AND ANTI-MIKI CAMPS CONPCUE THEIR BUSY MANEUVERS, AND A MAJOR BUSINESS LEADER CALLED INTO QUESTION MIKI'S ABILITY TO LEAD THE LDP. WE TOO DETECT A RISE IN ANTI-MIKI SENTIMENT WITHIN THE LDP AND BUSSNESS COMMUNITY, BUT THE OUTCOME OF ALL OF THIS WILL BE DETERMINED  
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BY FURTHER PROBE DEVELOPMENTS. END SUMMARY.

1. DURING A SPEAKING TOUR OF SHIKOKU ON AUGUST 1, JUSTICE MINISTER OSAMU INABA SAID HE EXPECTED THE LOCKHEED PROBE WOULD REACH ITS PEAK DURING THE NEXT WEEK OR 10 DAYS. THIS REMARK WAS TAKEN BY MOST OF THE PRESS AS A HINT THAT SOME MAJOR POLITICIANS WILL BE ARRESTED. INABA ALSO SAID THAT A "SHREWD PRIVATE INDIVIDUAL" WILL SOON BE TAKEN INTO CUSTODY: THE PRESS THINKS THIS HINT REFERRED TO KENJI OSANO, A BUSINESS ASSOCIATE OF EX-PRIMIN TANAKA. THE CALLING OF AN EXTRAORDINARY SESSION OF THE DIET, INABA SAID, WOULD HAVE TO AWAIT THE END OF THE MAIN PHASE OF LOCKHEED INVESTIGATIONS AND THEREFORE COULD NOT BE SCHEDULED EARLIER THAN AUGUST 20.

2. ALTHOUGH SOME OF THE CONFUSION AND PANIC CAUSED BY TANAKA'S ARREST ON JULY 27 HAS APPARENTLY BEGUN TO SUBSIDE, THE MAJOR LDP POLITICIANS CONTINUED THEIR BUSY ROUND OF MEETINGS WITH EACH OTHER. MOST ACTIVE OVER THE PAST FEW DAYS HAS BEEN HIROKOCHI NADAO, CHAIRMAN OF THE LDP EXECUTIVE COUNCIL, WHOSE MEETINGS WITH PARTY LEADERS INCLUDING OHIRA, SHIINA AND OTHERS HAVE BEGUN TO TAKE AN ANTI-MIKI OVERTONE IN THE EYES OF THE MEDIA. "SOURCES CLOSE TO "PRIMIN MIKI ARE REPORTED TO BE CONSIDERING NEW MEASURES TO REQUIRE THE PUBLICATION OF CABINET MEMBERS'/TOP LDP LEADERS' ASSETS, OUTLAW THE GIVING OF REBATES BY FOREIGN COMPANIES AND TO TIGHTEN UP THE CAMPAIGN CONTRIBUTIONS LAW. DEP PRIMIN FUKUDA LATE LAST WEEK CALLED FOR A SERIOUS "FRESH START" WHICH HE HAS YET TO DEFINE. THE LDP HAS ANNOUNCED A NATIONWIDE PARTY LEADERSHIP MEETING ON AUGUST 18 IN TOKYO TO DISCUSS PARTY MODERNIZATION.

3. THE MAIN LOCKHEED ACTIVITY AMONG OPPOSITION PARTIES WAS PROVOKED BY JCP CHAIRMAN MIYAMOTO, WHO TOLD A YOMIURI REPORTER ON JULY 30 THAT OTHER OPPOSITION PARTIES HAD TAKEN LDP MONEY IN RETURN FOR COOPERATION IN THE DIET. SPOKESMAN FOR THE CGP, JSP AND DSP REACTED ALMOST IMMEDIATELY

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WITH INDIGNANT DENIALS.

4. AN ATTACK ON MIKI FROM A MAJOR FIGURE IN THE BUSINESS COMMUNITY RECEIVED CONSIDERABLE COVERAGE AND COMMENT IN THE WEEKEND PRESS. THE CHAIRMAN OF THE JAPAN FEDERATION OF EMPLOYERS' ASSOCIATIONS (NIKKEIREN), TAKESHI SAKURADA, SAID "MIKI ONLY SAYS NICE THINGS..HE MAY BE ALL RIGHT AS THE CHIEF

OF A PUBLIC RELATIONS SECTION, BUT HE DOES NOT QUALIFY AS A SHIP'S CAPTAIN..". AN ASAHI EDITORIAL REMINDED SAKURADA THAT THE BUSINESS WORLD WAS LARGELY RESPONSIBLE FOR THE LDP "MONEY POLITICS", WHICH LED TO THE CURRENT LOCKHEED SCANDAL.

5. ADDING GRATUITOUSLY TO THE HEATED AND CONFUSED POLITICAL ATMOSPHERE WAS THE REPORT ON AUGUST 2 THAT THE 12 YEAR INCUMBENT LDP GOVERNOR OF FUKUSHIMA PREFECTURE HAD RESIGNED IN THE MIDST OF REPORTS HE AND HIS ADMINISTRATION WERE IMPLICATED IN A BRIBERY SCANDAL. GOVERNOR KIMURA, WHO ALLEGEDLY RECEIVED LARGE SUMS FROM CONSTRUCTION FIRMS IN RETURN FOR PUBLIC WORK CONTRACTS, IS THE FIRST GOVERNOR TO RESIGN UNDER CHARGES FOR CORRUPTION IN 24 YEARS.

6. RINGING AS POSITIVE NOTE FOR THE LDP IN THE WEEKEND PRESS WAS A REPORT THAT LDP CANDIDATES HAVE WON 80PERCENT OF THE MAYORAL ELECTIONS WHICH HAVE TAKEN PLACE SO FAR THIS YEAR. DESPITE THE FACT THAT MOST OF THESE LOCAL ELECTIONS WERE HELD AMIDST THE LOCKHEED SCANDAL, LDP CANDIDATES UNSEATED 4 REFORMIST COALITION MAYORS IN WINNING 44 OF 50 CONTESTS. LOCAL ISSUES ARE SAID TO HAVE BEEN PREDOMINANT CAMPAIGN ISSUES.

7. COMMENT: THE SHOCK OF LAST WEEK'S EVENTS IS SUBSIDING. WE DETECT A LINGERING RESIDUE OF RESENTMENT TOWARD MIKI AMONG MANY CONSERVATIVES BECAUSE OF A FORMER PRIME MINISTER'S SUDDEN ARREST AND HIS PRESENT HUMILIATING CONFINEMENT. BUSINESSMEN, WITH FEARS OF POLITICAL INSTABILITY, CONFIDENTIAL

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ARE ALSO MORE SHARPLY CRITICAL OF MIKI THAN BEFORE. BUT THESE ATTITUDES WILL BE FURTHER AFFECTED BY LOCKHEED ARRESTS EXPECTED IN THE NEXT FEW DAYS. SHOESMITH

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